



**TSWELOPELE**  
LOCAL MUNICIPALITY  
A MUNICIPALITY IN PROGRESS

**DRAFT - PRINCIPLES AND POLICY ON  
SUBSIDY FOR THE INDIGENT  
HOUSEHOLDS**

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## 1. INTRODUCTION

The Indigent Support Policy is a legal imperative, a tool designed to ensure that persons and households classified as indigent have access to basic services as defined in the Constitution of the Republic of South Africa, Act No 108 of 1996. The policy is a result of continuous prevalence of indigence and poverty within communities. This policy therefore is a tool of intervention to alleviate the plight and to encourage indigent households to live within affordable consumption levels. The Indigent Support Policy is aimed at ensuring that the State fulfil its constitutional obligation contained in the Bill of Rights. This policy must be read in conjunction with the Credit Control Policy and applicable legislative frameworks.

### 1.1. Preamble

**WHEREAS** Section 74 of the Local Government: Municipal Systems Act 2000 (Act No 32 of 2000), requires that the Council should, in formulating a Tariff Policy for the municipality, at least take into consideration the extent of subsidisation of tariffs for poor households.

**WHEREAS** Council needs to have an approved Indigent Support Policy.

**WHEREAS** such policy must provide procedures and guidelines for the subsidisation of basic services and tariff charges to its indigent households.

**WHEREAS** the Council has committed itself to render a basic level of services necessary to ensure an acceptable and reasonable quality of life which takes into account health and environmental considerations.

**NOW THEREFORE** the Council of the Tswelopele Local Municipality has adopted the **Indigent Support Policy** set out hereunder: -

### 1.2. Purpose

1. To ensure and maintain access to basic services and/or benefits for all identified and deserving poor households including emergency services rendered by the Tswelopele Local Municipality.
2. To improve monitoring systems, provide support and to strengthen capacity of the Tswelopele Local Municipality to implement the policy.
3. To ensure that subsidisation for indigent support is funded and allocated as per policy directives to the qualifying households.
4. To effectively manage co-ordination between internal departments with regard to the policy implementation.

5. To ensure the implementation of an exit strategy to support the increased mobility of the poor from the indigent register.
6. To ensure that the Tswelopele Local Municipality remains financially sustainable while meeting the needs of the indigents.
7. To ascertain appropriate targeting options for the defined indigent households so as to ensure inclusiveness in the approach and application of the policy in an equitable manner.

### 1.3. Objective of Policy

The objective of the Indigent Support Policy is to ensure:-

- a) The provision of basic services to indigent households in communities falling under the jurisdiction of the Tswelopele Local Municipality in a sustainable manner, within the financial and administrative capacity of the Tswelopele Local Municipality.
- b) The establishment of procedures and guidelines for the effective of subsidisation of basic service charges to such approved indigent households, within budgetary and Intergovernmental grant guidelines.

### 1.4. Principles of the Policy

Section 74 (2) (c) of the Municipal Systems Act, Act 32 of 2000 stipulates inter alia the following:-

*“poor households must have access to at least basic services through:*

- i. *tariffs that cover only operating and maintenance costs;*
- ii. *special tariffs or life line tariffs for low levels of use or consumption of services for basic levels of service; or*
- iii. *any other direct or indirect method of subsidisation of tariffs for poor households;”*

The following are the guiding principles for the formulation of an Indigent Support Policy:

- (a) The Indigent Support Policy must be formulated in accordance with the Constitution of the Republic of South Africa, 1996, (Act No 108 of 1996 and other applicable legislation, amongst others, the Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000) which provides that everybody has a right to administrative justice that is lawful, reasonable and procedurally fair.
- (b) Relief must be provided by the Tswelopele Local Municipality to registered residential consumers of services who are indigent.
- (c) Council must, wherever possible, ensure that any relief is in accordance with the Constitution and is cost effective, sustainable, practical, fair, equitable and justifiable.

- (d) The subsidising of minimum service levels should not result in the creation of a massive bureaucratic administration that would not be cost effective to implement.
- (e) Differentiation must be made between those households who cannot afford to pay for basic services and those who do not want to pay for these services.
- (f) Other municipal services in addition to free basic services should, where possible, be affordable and beneficial to the indigents.
- (g) The relief should be valid for a period of 12 months or budgeting cycle.
- (h) The Council may review and amend the qualification criteria for indigent support.
- (i) The joint gross income of all the household occupants will be taken into account in determining the validity of indigent support application.
- (j) The indigent data-base shall be updated regularly.
- (k) Misuse of any support or grant or supply of invalid information will lead to punitive action by Tswelopele Local Municipality against indigent support beneficiaries.
- (l) The Tswelopele Local Municipality reserve the right to verify new applications and existing approved indigents against any relevant external data source.
- (m) The Council must/may use external services and/or references to verify the information provided by the applicants.

### 1.5. Definitions

For the purpose of this policy, any word or expression to which a meaning has been assigned in the Act, shall bear the same meaning in this policy, and unless the context indicates otherwise:–

**“Authorised Officer”** - means any official of the Council who has been authorised by the Council to administer, implement and enforce the provisions of this policy

**“By-law”** - means a by-law adopted by the Council

**“Basic Services”**- means the supply of the following basic services within the budgetary and legislative guidelines:

- Energy supply
- Water supply
- Sanitation services
- Refuse removal service

**“Calendar days”**- means all days in the month inclusive of Saturdays and Sundays

**“Child Headed Households”** - is deemed to be minor dependants of registered owner or

tenant of property where due to death of parent(s) or legal guardian who is also registered owner or tenant, minor child is responsible for management of households

**“Municipal Manager”** - means the person appointed by the Council as the Municipal Manager of the Tswelopele Local Municipality in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998), and includes any person

- (a) acting in such position, and
- (b) To whom the City Manager has delegated a power, function or duty.

**“Council”** -Means -

- (a) the “Municipality” and vice versa;
- (b) the Council of the Tswelopele Local Municipality established by Provincial Notice No. 6768, as amended, exercising its legislative and executive authority through the municipality;
- (c) its successor in title;
- (d) a structure or person exercising a delegated power or carrying out an instruction, where any power in these by-laws has been delegated or sub-delegated, or an instruction given, as contemplated in section 59 of the Local Government Municipal Systems Act, 2000 (Act No 32 of 2000); or
- (e) a service provider fulfilling a responsibility under these by-laws, assigned to it in terms of section 81(2) of the Act, or any other by-law, as the case may be

**“Deemed Indigent Household”** - means individuals who live together in a single residential property and qualifies for indigent relief based on the use and value of property as determined in terms of general valuation roll.

**“Dependant”** - means a person under the age of 18 years who is financially dependent and resides permanently with the owner and/or tenant of property in a single residential property within the area of jurisdiction of Tswelopele Local Municipality.

**“Essential household services package”**- means provision of water supply, sanitation, refuse removal, supply of basic energy.

**“Household Income”**- means any form of remuneration and/ or income as defined in the Sixth Schedule to the Income Tax Act, 58 of 1962 but excluding State Children Support grants.

**“Illegal connection”** - a connection to any system through which municipal services are provided, which is not authorised or approved by the Municipality or its authorised agent.

**“Indigent Household”** means individuals who live together in a single residential property and collectively qualifies for indigent relief in terms of this policy.

**“Indigent Person”** - means a person lacking the basic necessities of life such as insufficient water, basic sanitation, refuse removal, health care, housing, environmental health, and supply of basic energy, food and clothing as defined in this policy.

**“Municipality”**- means the “Council” as defined above

**“Occupants”** - means the owner and/or legal tenant of property and all individuals who live together in a single residential property.

**“Pensioner”**- means a person whom -

- (i) is at least than 60 years of age on date of application, provided that where couples are married in community of property and the property is registered in both their names , the age of the eldest will be the qualifying factor;
- (ii) is the registered owner of the property or registered as “Life right use” tenant in deeds office;
- (iii) is the owner/occupant and account holder of the property concerned, which will consist of one dwelling only and no part thereof will be sub-leased;
- (iv) must reside permanently on the property concerned which consists of one dwelling only; and
- (v) A person who is a mentally and/or physically disabled person complying with the requirements in (i) to (iv) above.

**“Registration method”-** means registration process applied by Council in the indigent application process.

**“Resident”- means** a person residing within the area of jurisdiction of Tswelopele Local Municipality and consumes services as provided by the Council.

**“Services” -means** the “basic services” as defined above.

**“Social service package”- means** higher levels of household services and access to public services such as roads, public transport, community services and emergency services as provided by Council.

**“Working Days”-** means Monday to Friday excluding public holidays.

## 1.6. Legislative Framework and Guidelines

1. Constitution of the Republic of South Africa, Act No 108 of 1996.
2. Local Government Municipal Systems Act, Act No 32 of 2000.

### Guidelines

- (a) Framework for Municipal Indigent Policies: Towards a basket of services for the poor dated May 2007.
- (b) Free Basic Strategy and guidelines prepared by the Department of Water Affairs and Forestry.
- (c) Electricity Basic Support Tariff (free basic electricity) Policy prepared by the Department of Minerals and Energy.

## 1.7. Scope of Policy Application

The Indigent Support Policy shall be applicable within the area of jurisdiction of the Tswelopele Local Municipality.

The Indigent Support Programme must be accessible to all qualifying indigent persons.

## **1.8. Criteria for Qualification for Indigent Support**

### **Registered Household**

#### **1.8.1. Indigent Household**

Indigent relief will be granted to an approved household where the:

- (a) combined household income of all occupants/ residents and/or dependants residing on the property and are over the age of 18 years of age, is less than R3000 per month;
- (b) account in respect of Basic Services and/or Assessment rates is held with Council in the name of the applicant;
- (c) applicant is a South African citizen;
- (d) the property is used for residential purposes only; and
- (e) Municipal value of property does not exceed maximum value as determined by Council's assessment rates tariff policy.

#### **1.8.2. Child-Headed Household**

Child-headed households will be treated as special cases subject to the following conditions:

- (a) The normal qualifying criteria for indigent support in respect of remaining members of household is complied with;
- (b) The account of the deceased parents is closed;
- (c) The oldest child signs the user agreement assisted by appointed legal guardian;
- (d) Property is not occupied by any member other than minor dependent children of deceased owner and or tenant;
- (e) The status of the household is reviewed in terms of this policy at least on three monthly bases.

#### **1.8.3. Exclusions – Registered Households**

Indigent relief will NOT be granted where the applicant, household, occupants/ residents and/or dependants residing on the property, as the case may be, -

- (a) receive significant benefits or regular monetary income that is above the indigent qualification threshold;
- (b) where the applicant is not registered as consumer of services in the records of Council;



- (c) where the applicant own/s more than one (1) property, registered individually or jointly , it will be restricted to one property where the household is residing if the household qualifies for relief . Other properties will not be considered;
- (d) where the applicant rent/s or subleases his property or part thereof to any third party during the duration of the grant period; or
- (e) applicant tampers or illegally connects or reconnects services prior to this application, until such time as the total costs, penalties, other fees, illegal consumption and any applicable tariffs and rates due to the Council have been paid in full.

#### 1.8.4. **Exclusions – Deemed Indigent Households**

Indigent relief will be withdrawn where upon verification the deemed indigent household, including occupants/residents and/or dependants residing on the property, as the case may be, -

- (a) receive significant benefits or regular monetary income that is above the indigent qualification threshold;
- (b) Owner of property owns more than one (1) property, registered individually or jointly. In which case the relief will be confirmed to 1 property where the indigent household resides and other properties will be excluded.
- (c) Owner of property rent or sublease his property or part thereof to any third party.
- (d) Deemed indigent household tampers or illegally connects or reconnects services.
- (e) Business activities are being conducted on property.
- (f) Properties registered in name of National, Provincial or Local Government.
- (g) Owner of property applies to be excluded from deemed indigent relief.

#### 1.8.5. **Indigent**

Indigent relief in respect of other services provided by Council, *excluding household free basic services and assessment rates grants*, will be granted to approved **indigent person** where:-

- (a) applicant is a South African citizen;
- (b) applicant is over the age of 18 years of age but includes financially dependent minors of applicant;
- (c) Applicant benefits or regular monetary income is less than one (1) monthly state pension grant, as amended by Minister of Finance from time to time.

### 1.9. **Extent of Indigent Support**

#### 1.9.1. **Registered Indigent Household / Person**

- (a) Indigent support will be given on a monthly basis, and the extent of the monthly support will be determined by the national policy guidelines and the Council's budgetary provisions in respect of:
  - i. free basic water up to a maximum of 6 kl per household;
  - ii. free refuse collection;
  - iii. Free basic electricity or energy to a maximum 50 kW per household.
  - iv. free basic sanitation; and
  - v. Assessment rates in respect of residential property registered in name of qualifying indigent owner subject to the maximum amount as determined by Council from time to time.
- (b) The level of indigent support granted shall not exceed the actual monthly billing to the account in respect of the services referred to in the preceding paragraph.
- (c) Where there are no water meters, the flat rate shall be applied for those indigent.
- (d) The relief will be subject to national policy guidelines and the Council's budgetary provisions.
- (e) The recipient's monthly account will be credited with the amount of indigent relief granted in terms of this policy.
- (f) A household may apply for the continuation of relief on expiry of relief period as specified in Section 11 below - subject to compliance with policy qualification criteria.

#### 1.9.2. **Deemed Indigent Household**

- (a) Indigent support will be given on a monthly basis, and the extent of the monthly support will be determined by the national policy guidelines and the Council's budgetary provisions in respect of:
  - i. free basic water;
  - ii. free refuse collection;
  - iii. free basic electricity or energy (depending on which service level is applicable);
  - iv. free basic sanitation; and
  - v. Assessment rates.
- (b) The level of indigent support granted shall not exceed the actual monthly billing to the account in respect of the services referred to in the preceding paragraph.
- (c) The relief will be subject to national policy guidelines and the Council's budgetary provisions.
- (d) The recipient's monthly account will be credited with the amount of indigent relief granted in terms of this policy.
- (e) Writing off of Outstanding debts in respect of Indigent Accounts and accumulated debt in respect of **deemed indigents** be written off on date of qualification in terms of this policy and all debt incurred after the date of qualification will be due and payable.

### 1.9.3. **Period of Relief**

Application based Indigent relief is granted for a reviewable period of 12 months comprising the budget cycle and as determined by Council from time to time.

### 1.10. **Administration of Indigent Support**

The applying citizen must present his/her Identity Document at the point of application for which the following steps will occur:-

- (a) If registered owner or tenant of property, property details to be supplied with copy of monthly account statement and / or prepaid meter token along with SAPS certificate affidavit of names and identity number of individual residing on property.
- (b) After the application form has been completed, an effective and efficient evaluation system must be used in order to verify the information furnished by the applicant and to reach a decision within 21 days after the date on which the application was lodged.
- (c) If a household is found to be indigent, his/her personal particulars must be registered on a database linked to the debtors system with immediate effect.
- (d) The onus is on the recipient of relief in terms of this policy to inform the Council of any change in his/her status or personal household circumstances.
- (e) The declaration of residence in a household will be captured as an appended record to the relevant Identity Document number, and that will be the only property for which the individual bearing that Identity Document number can claim subsidy. In the case of there being any dispute as to the residence of a given individual, that individual's declaration **IN PERSON** at his or her indigent/finance office will take precedence over any declaration made by another individual that the person in question resides in their household.
- (f) All indigents should be re-registered after 12 months from the date on which relief was authorized in order to assess the need for the continuation of relief in terms of this policy. In the event where the socio-economic status of the household is improved beyond the indigent threshold the applicant has a responsibility to apply for cancellation of the indigent status as prescribed.
- (g) Relief will be stopped with immediate effect if it is found that an approved indigent has supplied information known to have been untrue in order to obtain relief. It will further be stopped if it is discovered that an approved indigent failed to inform Municipality of changes in his/her/their financial circumstances which would disqualify them from receiving assistance in terms of this policy. Providing misleading information constitutes fraud and Municipality may claim any financial benefits that have been granted, from the indigent. In addition to having to repay the financial benefits, the indigent who has received the benefits will be guilty of committing an act of fraud which is a criminal offence and criminal charges may be brought against such person/s.

### 1.11. **Control Measures for the Distribution of Indigent Support**

- (a) Any resident of the municipality who is aware of malpractice may lodge an objection to the Council for granting such relief to such a person.

- (b) The registration process for indigent shall be for the period February to June each year. The Council may use the services of the staff or its agents to do the registration process.

#### **1.12. Action against Malpractices to Misrepresentation or Misuse**

Customers found to have misrepresented themselves in order to benefit from any of the Councils relief and / or benefit in terms of this policy, will be deemed to have committed an offence and remedial measures will be taken in a manner as determined by the Council from time to time, and all relief and / or benefits that have been received will be reversed to account of customer from date of offence.

- (a) the Council may refer any misrepresentation to the officials or agents , who must take such action as ordered by the Council, or any of the following steps deemed appropriate:
- (i) Request the resident to provide full proof of his/her banking account, receipt of income details as well as pension registration where applicable.
  - (ii) The details of the objector shall remain anonymous.  
If it is established that incorrect information was furnished in obtaining relief any of the following actions may be taken:-
    - i. Suspend or stop the relief immediately.
    - ii. Recover from the recipient the amount of relief furnished by debiting his/her account.
    - iii. Apply the credit control and debt collection procedures of the municipality.
    - iv. Institute criminal proceedings against the recipient.
  - V. Customers found to have tampered, or illegally connects or reconnects services, will be deemed to have committed an offence and remedial measures will be taken in a manner as determined by the Council from time to time, and all relief and/or benefits that have been received will be reversed to account of customer from date of offence and relief suspended or stopped immediately.

### **16. Exiting the Programme**

Upon the expiry of the 12 months period as contained in above the indigent may decide to exit the programme should his or her income levels rise beyond the stipulated threshold. To this effect the indigent will not be required to reapply for Indigence Relief.

All approved applicants will be captured in the indigent data base, from which all skills development and job creation programmes developed by the Tswelopele Local Municipality will draw their intake from. Any department developing a measure or programme designed to target the poor will use this database as the source of their programme participants. This is designed to systematically assure that households qualifying for indigence are subject to the full range of interventions delivered through (or in collaboration with) the Municipality, in

accordance with the Growth and Development Strategy Pillars, one of which is poverty alleviation.

#### **1.13. Right to Appeal**

An applicant who is the registered household owner living within the municipal jurisdiction and therefore feels aggrieved by a decision taken in respect of his/her application may lodge an appeal in terms of section 62 of the Municipal Systems, Act 32 of 2000.

#### **1.14. Short Title**

This policy shall be called The Principles and Policy on Subsidy for the Indigent Households for Tswelopele Local Municipality.